

110TH CONGRESS  
1ST SESSION

# S. 1158

To amend the Clean Air Act to increase the use of renewable and alternative fuel, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 19, 2007

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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## A BILL

To amend the Clean Air Act to increase the use of renewable and alternative fuel, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Alternative Fuel  
5 Standard Act of 2007”.

6 **SEC. 2. RENEWABLE AND ALTERNATIVE FUEL PROGRAM.**

7 Section 211(o) of the Clean Air Act (42 U.S.C.  
8 7545(o)) is amended—

9 (1) in the subsection heading, by inserting  
10 “AND ALTERNATIVE” after “RENEWABLE”;

1 (2) in paragraph (1)—

2 (A) by redesignating subparagraphs (A),  
3 (B), (C), and (D) as subparagraphs (B), (I),  
4 (G), and (H), respectively;

5 (B) by moving subparagraph (I) (as reded-  
6 ignated by subparagraph (A)) to the end of the  
7 paragraph;

8 (C) by inserting before subparagraph (B)  
9 (as so redesignated) the following:

10 “(A) ALTERNATIVE FUEL.—

11 “(i) IN GENERAL.—The term ‘alter-  
12 native fuel’ means the portion of any  
13 motor vehicle or nonroad fuel, as measured  
14 by volume, that consists of—

15 “(I) methanol, denatured eth-  
16 anol, butanol, and other alcohols;

17 “(II) natural gas, including liquid  
18 fuels domestically produced from nat-  
19 ural gas;

20 “(III) liquefied petroleum gas;

21 “(IV) hydrogen;

22 “(V) coal-derived liquid fuels;

23 “(VI) fuels (not including a fuel  
24 that consists of alcohol) derived from

1 biological materials (including bio-  
2 diesel);

3 “(VII) electricity; and

4 “(VIII) any other fuel that the  
5 Administrator determines, by rule, is  
6 not derived from crude oil and would  
7 yield energy security benefits or envi-  
8 ronmental benefits.

9 “(ii) INCLUSION.—The term ‘alter-  
10 native fuel’ includes any portion of a  
11 blending component that is derived from  
12 an alternative fuel.”;

13 (D) in subparagraph (B) (as so redesign-  
14 nated), by striking the second sentence;

15 (E) by inserting after subparagraph (B)  
16 (as so redesignated) the following:

17 “(C) NONROAD ENGINE.—The term  
18 ‘nonroad engine’ means an internal combustion  
19 engine (including the fuel system of the internal  
20 combustion engine) that is not—

21 “(i) used—

22 “(I) to power a motor vehicle; or

23 “(II) in a vehicle used solely for  
24 competition; and

1 “(ii) subject to standards of perform-  
 2 ance for stationary sources of air pollution.

3 “(D) NONROAD FUEL.—The term  
 4 ‘nonroad fuel’ means fuel required for—

5 “(i) a nonroad engine; or

6 “(ii) a nonroad vehicle.

7 “(E) NONROAD VEHICLE.—The term  
 8 ‘nonroad vehicle’ means a vehicle or a piece of  
 9 equipment that is—

10 “(i) powered by a nonroad engine; and

11 “(ii) not a motor vehicle or a vehicle  
 12 used solely for competition.

13 “(F) PROGRAM.—The term ‘program’  
 14 means the renewable and alternative fuel pro-  
 15 gram established under paragraph (2).’;

16 (3) by striking paragraphs (2) and (3) and in-  
 17 serting the following:

18 “(2) PROGRAM.—

19 “(A) IN GENERAL.—The Administrator  
 20 shall, by regulation, establish an alternative fuel  
 21 program to ensure that motor vehicle and  
 22 nonroad fuel sold or introduced into commerce  
 23 in the United States (except in territories of the  
 24 United States), on an annual average basis,  
 25 contains the applicable volume of alternative

1 fuel determined in accordance with subpara-  
2 graph (C).

3 “(B) PROVISIONS.—Regulations promul-  
4 gated under subparagraph (A)—

5 “(i) shall—

6 “(I) contain compliance provi-  
7 sions applicable to refineries, blenders,  
8 distributors, and importers, as appro-  
9 priate, to ensure that the require-  
10 ments of this section are met;

11 “(II) establish applicable percent-  
12 ages under subparagraph (D);

13 “(III) establish compliance values  
14 for alternative fuels under subpara-  
15 graph (E);

16 “(IV) provide for the generation,  
17 banking, trading, and use of identi-  
18 fication numbers under subparagraph  
19 (F);

20 “(V) require the taking of any  
21 other action that is necessary for the  
22 implementation of the alternative fuels  
23 program, as determined by the Ad-  
24 ministrator; and

1 “(VI) to the maximum extent  
 2 practicable, incorporate the program  
 3 structure, compliance, calculation of  
 4 applicable volume, registration, rec-  
 5 ordkeeping, and reporting require-  
 6 ments described in regulations pro-  
 7 mulgated under subparagraph (A) to  
 8 implement this section; and

9 “(ii) shall not—

10 “(I) restrict the geographic area  
 11 in which alternative fuel may be used;  
 12 or

13 “(II) impose any per-gallon obli-  
 14 gation for the use of alternative fuel.

15 “(C) APPLICABLE VOLUME.—

16 “(i) CALENDAR YEARS 2010 THROUGH  
 17 2017.—For the purpose of subparagraph  
 18 (A), the applicable volume of alternative  
 19 fuel for each of calendar years 2010  
 20 through 2017 shall be determined in ac-  
 21 cordance with the following table:

“Applicable volume of alternative fuel

Calendar year:	(in billions of gallons):
2010	10.0
2011	11.0
2012	12.0
2013	14.0
2014	17.0

## “Applicable volume of alternative fuel—Continued

Calendar year:	(in billions of gallons):
2015	22.0
2016	28.0
2017	35.0

1 “(ii) CALENDAR YEAR 2018 AND  
2 THEREAFTER.—

3 “(I) IN GENERAL.—Subject to  
4 clauses (iii) and (iv), for the purpose  
5 of subparagraph (A), the applicable  
6 volume for calendar year 2018 and  
7 each calendar year thereafter shall be  
8 determined by the Administrator  
9 based on a review containing the in-  
10 formation described in subclause (II).

11 “(II) CONTENTS OF REVIEW.—  
12 The review described in subclause (I)  
13 shall contain a evaluation of the im-  
14 plementation of the program during  
15 calendar years 2010 through 2016,  
16 including an evaluation of—

17 “(aa) the impact of the use  
18 of alternative fuels on—

19 “(AA) public health;

20 “(BB) air quality;

21 “(CC) water quality;

1 “(DD) job creation;

2 “(EE) rural economic  
3 development;

4 “(FF) the expected an-  
5 nual rate of future produc-  
6 tion of alternative fuels;

7 “(GG) the reduction of  
8 the use of fuels derived from  
9 crude oil in the United  
10 States;

11 “(HH) the energy secu-  
12 rity of the United States;  
13 and

14 “(II) costs to con-  
15 sumers.

16 “(iii) MINIMUM QUANTITY DERIVED  
17 FROM CELLULOSIC BIOMASS.—

18 “(I) CALENDAR YEARS 2010  
19 THROUGH 2012.—For each of calendar  
20 years 2010 through 2012—

21 “(aa) the compliance value  
22 for cellulosic ethanol contained in  
23 subparagraph (E) shall not  
24 apply; and



1 “(bb) a compliance value of  
 2 2.5 shall apply in the same man-  
 3 ner as if included on the table  
 4 contained in subparagraph (E).

5 “(II) CALENDAR YEARS 2013 AND  
 6 THEREAFTER.—For calendar year  
 7 2013, and each calendar year there-  
 8 after, the applicable volume described  
 9 in clause (ii) shall contain a minimum  
 10 of 250,000,000 gallons that are de-  
 11 rived from cellulosic biomass.

12 “(iv) WASTE-DERIVED ETHANOL  
 13 CREDIT.—For each of calendar years 2010  
 14 through 2012, the compliance value for  
 15 waste-derived ethanol shall—

16 “(I) be 2.5; and

17 “(II) apply in the same manner  
 18 as if included in the table in subpara-  
 19 graph (E).

20 “(v) MINIMUM APPLICABLE VOL-  
 21 UME.—For the purpose of subparagraph  
 22 (A), the applicable volume for calendar  
 23 year 2018 and each calendar year there-  
 24 after shall, at a minimum, be equal to the  
 25 product obtained by multiplying—

1 “(I) the number of gallons of  
2 gasoline that the Administrator of the  
3 Energy Information Administration  
4 estimates will be sold or introduced  
5 into commerce in the calendar year;  
6 and

7 “(II) the ratio that—

8 “(aa) 35,000,000,000 gal-  
9 lons; bears to

10 “(bb) the number of gallons  
11 of gasoline projected to be sold or  
12 introduced into commerce in cal-  
13 endar year 2017.

14 “(D) APPLICABLE PERCENTAGES.—

15 “(i) PROVISION OF ESTIMATE OF VOL-  
16 UMES OF GASOLINE SALES.—Not later  
17 than October 31, 2009, and annually  
18 thereafter, the Administrator of the En-  
19 ergy Information Administration shall pro-  
20 vide to the Administrator an estimate re-  
21 lating to the volume of gasoline projected  
22 by Administrator of the Energy Informa-  
23 tion Administration to be sold or intro-  
24 duced into commerce in the United States  
25 during the following calendar year.

1 “(ii) DETERMINATION OF APPLICABLE  
2 PERCENTAGES.—

3 “(I) IN GENERAL.—Not later  
4 than November 30, 2009, and annu-  
5 ally thereafter, based on the estimate  
6 provided under clause (i), the Admin-  
7 istrator shall determine and notify  
8 any obligated party, with respect to  
9 the following calendar year, of the al-  
10 ternative fuel obligation determined by  
11 the Administrator to ensure that the  
12 requirements of subparagraph (C) will  
13 be met.

14 “(II) REQUIRED ELEMENTS.—  
15 The alternative fuel obligation deter-  
16 mined for a calendar year under  
17 clause (ii) shall—

18 “(aa) be applicable to refin-  
19 ers, blenders, and importers of  
20 gasoline, as appropriate;

21 “(bb) be used in motor vehi-  
22 cle or nonroad applications in the  
23 United States;

24 “(cc) be expressed in terms  
25 of a volume percentage of gaso-

1 line sold or introduced into com-  
 2 merce in the United States; and

3 “(dd) subject to clause (iii),  
 4 consist of a single applicable per-  
 5 centage that applies to an obli-  
 6 gated party who is a refiner,  
 7 blender, or importer of gasoline  
 8 used in motor vehicle and  
 9 nonroad applications in the  
 10 United States.

11 “(iii) ADJUSTMENTS.—In determining  
 12 the applicable percentage for a calendar  
 13 year, the Administrator shall make adjust-  
 14 ments to prevent the imposition of redun-  
 15 dant obligations on any individual or entity  
 16 described in clause (ii).

17 “(E) COMPLIANCE VALUE.—

18 “(i) TABLE.—Subject to clauses (ii)  
 19 and (iii), the Administrator shall assign a  
 20 compliance value for each alternative fuel  
 21 to satisfy the alternative fuel volume under  
 22 subparagraph (C), in accordance with the  
 23 following table:

Fuel Type	Compliance Value
Ethanol (non-Cellulosic)	1.0
Ethanol (Cellulosic)	1.0

Fuel Type	Compliance Value
Biodiesel	1.4
Gas-to-Liquid Diesel Fuel	1.5
Coal-to-Liquid Diesel Fuel	1.5
Compressed Natural Gas (78 standard cubic feet)	1.0
Liquefied Natural Gas	1.0
Liquefied Petroleum Gas	1.1
Electricity (6.4 kilowatt-hours)	1.0
Gaseous Hydrogen (132 standard cubic feet)	1.0
Liquid Hydrogen	1.0
Methanol	0.8
Butanol	1.3
Bio-Butanol	1.3

1 All values in terms of gallons unless other-  
2 wise specified.

3 “(ii) AUTHORITY OF THE ADMINIS-  
4 TRATOR.—

5 “(I) IN GENERAL.—In accord-  
6 ance with the requirements described  
7 in subclause (II), the Administrator  
8 may—

9 “(aa) add fuel types to the  
10 table contained in clause (i);

11 “(bb) revise any fuel type  
12 and assign a different compliance  
13 value to any fuel type described  
14 in the table contained in clause  
15 (i); and

16 “(cc) assign each new or re-  
17 vised category or subcategory of

1 an alternative fuel type an appro-  
2 priate compliance value.

3 “(II) USE OF INFORMATION.—

4 “(aa) IN GENERAL.—In car-  
5 rying out a modification or revi-  
6 sion of any fuel type or compli-  
7 ance value under subclause (I),  
8 the Administrator shall use ap-  
9 propriate scientific and technical  
10 information relating to the en-  
11 ergy content of alternative fuels.

12 “(bb) REQUIREMENT RE-  
13 LATING TO COMPLIANCE VAL-  
14 UES.—In carrying out a modi-  
15 fication or revision of any compli-  
16 ance value under subclause (I),  
17 the Administrator may revise the  
18 compliance value to the extent  
19 that the revision is predominantly  
20 supported by scientific and tech-  
21 nical information.

22 “(iii) USE OF COMPLIANCE VALUE.—

23 The compliance value described in the  
24 table contained in clause (i) shall be used  
25 as a multiplier to determine the extent to

1 which each gallon of the alternative fuel  
2 would satisfy the alternative fuel volume  
3 obligation under subparagraph (C).

4 “(F) GENERATION, BANKING, TRADING,  
5 AND USE OF IDENTIFICATION NUMBERS.—

6 “(i) IN GENERAL.—Regulations pro-  
7 mulgated under subparagraph (A) shall  
8 provide that—

9 “(I) unique identification num-  
10 bers shall be generated and assigned  
11 to each batch or other quantifiable  
12 unit of production, as determined by  
13 the Administrator, of alternative fuel  
14 by—

15 “(aa) the producer of any  
16 facility located in the United  
17 States; and

18 “(bb) the importer of alter-  
19 native fuel imported into the  
20 United States;

21 “(II) identification numbers shall  
22 be based on the volume of the alter-  
23 native fuel and the compliance values  
24 established under subparagraph (E);

1           “(III) identification numbers may  
2           be used to demonstrate compliance  
3           with the alternative fuel volume obli-  
4           gation under subparagraph (A);

5           “(IV) identification numbers may  
6           be held by any individual or entity;

7           “(V) identification numbers may  
8           be transferred by any individual or  
9           entity to any other individual or enti-  
10          ty;

11          “(VI) identification numbers  
12          shall be valid for use in achieving  
13          compliance for the calendar year in  
14          which the numbers are generated, and  
15          each calendar year thereafter, regard-  
16          less of the calendar year in which the  
17          alternative fuel that the numbers rep-  
18          resent is used; and

19          “(VII) any obligated party that is  
20          unable to acquire sufficient identifica-  
21          tion numbers to meet the require-  
22          ments for any calendar year under  
23          this section shall be allowed to carry  
24          forward a deficit on the condition that  
25          the obligated party, in the calendar



year following the calendar year in which the deficit was created, achieves compliance with the obligation for—

“(aa) the calendar year following the calendar year in which the deficit was created; and

“(bb) the calendar year in which the deficit was created.

“(G) EVALUATION AND ADJUSTMENT OF REQUIRED VOLUMES.—

“(i) IN GENERAL.—The Administrator shall annually evaluate the domestic production and import capabilities relating to the required volumes of the alternative fuel standard for each year for which there have been specified volumes pursuant to clauses (i) and (ii) of subparagraph (C).

“(ii) ADJUSTMENT OF VOLUME OF ALTERNATIVE FUELS.—

“(I) IN GENERAL.—If any condition affects the production or importation of alternative fuel (including drought, environmental degradation, technological difficulties, economic infeasibility, national security interests,

1 or any other factor may substantially  
 2 affect the availability of an alternative  
 3 fuel in a quantity necessary to meet  
 4 the requirements of this section) the  
 5 Administrator may, to account for the  
 6 impact of the condition, not later than  
 7 October 31 of each calendar year, ad-  
 8 just the applicable volume of any al-  
 9 ternative fuel for the following cal-  
 10 endar year, or any calendar year  
 11 thereafter, described in the table con-  
 12 tained in subparagraph (C)(i).

13 “(II) CORRESPONDING ADJUST-  
 14 MENT OF APPLICABLE PERCENT-  
 15 AGES.—In making an adjustment to  
 16 the applicable volume of an alternative  
 17 fuel under subclause (I), the Adminis-  
 18 trator shall make a corresponding ad-  
 19 justment to the determination of the  
 20 alternative fuel obligation of an obli-  
 21 gated party under subparagraph (D).

22 “(III) TERMINATION OF ADJUST-  
 23 MENT.—

24 “(aa) IN GENERAL.—Sub-  
 25 ject to item (bb), an adjustment

1 made by the Administrator to the  
2 applicable volume of an alter-  
3 native fuel under subclause (I)  
4 shall terminate 1 year after the  
5 date on which the adjustment is  
6 made.

7 “(bb) AUTHORITY TO  
8 RENEW ADJUSTMENT.—The Ad-  
9 ministrator may renew the ad-  
10 justment made in accordance  
11 with subclause (I) not later than  
12 October 31 of the calendar year  
13 preceding the calendar year in  
14 which the adjustment made by  
15 the Administrator to the applica-  
16 ble volume of an alternative fuel  
17 under subclause (I) would apply.

18 “(H) SALE OF IDENTIFICATION NUM-  
19 BERS.—

20 “(i) IN GENERAL.—The Administrator  
21 shall make available for sale to any obli-  
22 gated party additional identification num-  
23 bers at a price of \$1.00 per gallon of gaso-  
24 line equivalent.

1                   “(ii) USE OF IDENTIFICATION NUM-  
 2                   BERS.—An additional identification num-  
 3                   ber sold by the Administrator under clause  
 4                   (i) may be used by an obligated party to  
 5                   comply with any alternative fuel obligation  
 6                   requirement under subsection (C) relating  
 7                   to the year in which the identification  
 8                   number was purchased.

9                   “(iii) DISPOSITION OF FUNDS.—For  
 10                  each of fiscal years 2010 through 2017,  
 11                  any funds generated by the sale of addi-  
 12                  tional identification numbers by the Ad-  
 13                  ministrator to obligated parties shall be  
 14                  transferred by the Administrator to the  
 15                  Secretary of the Treasury and deposited in  
 16                  the Treasury of the United States.”;

17                  (4) by striking paragraph (8);

18                  (5) by redesignating paragraphs (4) through  
 19                  (7) as paragraphs (3) through (6), respectively;

20                  (6) by redesignating paragraphs (9) and (10)  
 21                  as paragraphs (7) and (8), respectively;

22                  (7) in paragraph (4)(A)(iii) (as redesignated by  
 23                  paragraph (5)), by striking “paragraph (9)(C)” and  
 24                  inserting “paragraph (7)(C)”;

(8) by striking paragraph (6) (as redesignated by paragraph (5)) and inserting the following:

“(6) WAIVER.—

“(A) IN GENERAL.—The Administrator may issue a temporary waiver for any requirement of paragraph (2) if the Administrator determines that—

“(i) an extreme or unusual fuel supply circumstance has affected the United States, or a region of the United States, that—

“(I) prevents the distribution of an adequate supply of 1 or more alternative fuels or the feedstock used to produce 1 or more alternative fuels; and

“(II) is of sufficient magnitude to prevent compliance by 1 or more obligated parties with the applicable volume of any alternative fuel described in the table contained in paragraph (2)(C), as determined by the Administrator;

“(ii) the extreme or unusual fuel supply circumstance will cause a severe in-

crease in the price of 1 or more alternative  
fuels or of the feedstock used to produce 1  
or more alternative fuels; and

“(iii) the extreme or unusual fuel supply  
circumstance was caused by—

“(I) a natural disaster;

“(II) an act of God;

“(III) a pipeline or refinery  
equipment failure;

“(IV) the national security interests  
of the United States; or

“(V) a circumstance that could  
not have been reasonably foreseen or  
prevented, or prepared for by prudent  
planning of a supplier of alternative  
fuel to the United States.

“(B) EFFECT OF WAIVER.—A temporary  
waiver issued by the Administrator under sub-  
paragraph (A) shall—

“(i) apply to—

“(I) any obligated party affected  
by the extreme or unusual fuel supply  
circumstance; and

1 “(II) the smallest appropriate ge-  
2 ographic area, as determined by the  
3 Administrator;

4 “(ii) be effective for—

5 “(I) a period that begins on the  
6 date on which the Administrator  
7 issues the temporary waiver under  
8 subparagraph (A) and ends 20 cal-  
9 endar days after the date on which  
10 the Administrator issued the tem-  
11 porary waiver; or

12 “(II) the shortest appropriate pe-  
13 riod of time, as determined by the Ad-  
14 ministrator;

15 “(iii) preempt, for the duration of the  
16 waiver, any State or local laws (including  
17 regulations) relating to the renewable or  
18 alternative content of motor fuel and  
19 nonroad fuel that are inconsistent with any  
20 adjustment of the volume of an alternative  
21 fuel under paragraph (2)(G)(ii)(I); and

22 “(iv) be renewed for 1 or more addi-  
23 tional 20 calendar day periods if the Ad-  
24 ministrator determines that any extreme or  
25 unusual fuel supply circumstance on which

1           the initial determination was made under  
2           subparagraph (A) continues to warrant a  
3           waiver under that subparagraph.”; and  
4           (9) in paragraph (7) (as redesignated by para-  
5       graph (6))—  
6           (A) in subparagraph (A)(ii)(I), by striking  
7           “2008” and inserting “2009”; and  
8           (B) in subparagraph (C), by striking  
9           “paragraph (5)” and inserting “paragraph  
10          (4)”.

○